



## BOARD OF DIRECTORS SPECIAL MEETING

Thursday, September 29, 2016 ~8:30 a.m.  
OPALCO Conference Room (Eastsound)

### TRAVEL



#### ***Via Island Air***

378-2376 / 378-8129 (cell)

#### **To:**

Leave Friday Harbor 8:00 a.m.  
Lopez 8:15 a.m.

Arrive Eastsound 8:30 a.m.

#### **Return:**

Leave Eastsound 2:00 p.m.

Arrive Lopez 2:15 p.m.  
Friday Harbor 2:30 p.m.



#### ***Via Ferry:***

#### **To:**

Leave Friday Harbor 6:10 a.m.  
Lopez 6:55 a.m.  
Shaw 7:15 a.m.

Arrive Eastsound 7:35 a.m.

#### **Return:**

Leave Eastsound 3:10 p.m.  
Leave Eastsound 4:30 p.m.

Arrive Shaw 3:25 p.m.  
Lopez 3:45 p.m.  
Arrive Friday Harbor 5:10 p.m.

**Orcas Power & Light Cooperative  
Board of Directors  
Special Board Meeting  
Eastsound OPALCO office**

**September 29, 2016      8:30 a.m.**

**PAGES**

**WELCOME GUESTS/MEMBERS**

- Member Comment Period
- 

**DISCUSSION ITEMS**

**3 -15**

- Member Review Committee – Elections
- 

**ADJOURNMENT**

## MEMORANDUM

September 29, 2016

To: Board of Directors

From: Foster Hildreth, General Manager

Re: Member Review Committee on Elections

At the September 16<sup>th</sup> Regular Board meeting, the Board requested staff to set a Special Board meeting to review the recommendations from the Member Review Committee on Elections. Attached please find materials compiled by the Member Committee to initiate discussion.

One of our goals has been to solicit input from our membership. Since posting the Committee's recommendations on our website, in local media and through our newsletter, we have received many comments (both positive and negative) and questions from the membership. Below are answers to a few key questions that have been raised:

### **Why a Member Review Committee on Elections?**

At the April 2016 board meeting, the Board directed staff to develop a method by which members could participate in a comprehensive review of OPALCO's election process.

### **How were members notified of the opportunity to volunteer?**

During the month of July, outreach was conducted in the following ways: ads in local papers, bill inserts, OPALCO website and an article in the Co-op Connector newsletter. Only eight members volunteered and all were accepted. Seven of the eight participated in the Committee's work.

### **What direction was the Committee given?**

The Committee was directed to review the existing election process, seek additional input from the membership and present a committee recommendation to OPALCO leadership with suggestions for improvements to the election process.

### **What role did OPALCO staff and leadership play in the Committee's work?**

OPALCO provided one staff member for administrative support to the Committee, at their request. General Manager Foster Hildreth attended the last meeting in August to answer questions from the Committee. Staff played a limited supporting role to assist in information gathering and meeting logistics.

**Given the membership voted on a member initiated re-districting petition in 2016, why didn't OPALCO leadership restrict the scope of the Committee to exclude re-districting?**

After much discussion, the Committee was adamant in their consensus position that "fair member representation" be reviewed, including voter districting. Staff respected the independence of the Committee to evaluate the current election process as a whole and to make their non-binding recommendations to the Board for consideration.

**What is the timeline for the Board to make a decision?**

The goal is to get broad member feedback at the October Open House events in order to make decisions at the October 20<sup>th</sup> regular board meeting, so that changes may be enacted for the 2017 election cycle. The Board is holding a special meeting on September 29<sup>th</sup> to discuss implementation and timeline practicalities because of the short time frame available.

# Who served on the 2016 Member Review Committee on Elections?



Wally Gudge, Co-Chair  
Orcas Island



Terry O'Sullivan, Co-Chair  
Orcas Island



Gabriel Jacobs  
Shaw Island



Doug Marshall  
Orcas Island



Rob Thesman  
Lopez Island



Stephen Shubert  
San Juan Island



Ed Sutton  
Orcas Island

## How was the Committee selected?

ALL Co-op members were invited to participate through ads and articles placed in local papers, bill inserts, the Co-op Connector newsletter and on OPALCO's website during the month of July. A total of eight members responded and all were accepted. One volunteer was unable to attend meetings; seven of the eight participated in the work effort.

The Committee's first order of business was to discuss the representation of each voting district. All four districts were represented, but only District 2 (Orcas, Armitage, Big Double, Blakely, Fawn, Little Double and Obstruction islands) had more than one volunteer. The Committee unanimously agreed to accept the representation of the districts as it was.

## How was the Committee staffed?

OPALCO offered one staff member to coordinate meetings, provide resources and take notes. Foster Hildreth, General Manager, attended only one meeting: the last regular Committee meeting in August to answer questions.

# What was the Committee's charge?

At the April 2016 meeting of the Board of Directors, the Board directed staff to develop a method by which members could participate in a comprehensive review of OPALCO's election process. The Committee was charged "to help OPALCO conduct a comprehensive review of the co-op election process."

The Committee established their mission statement and values:

***To support a transparent election process that enables members to feel fairly and well represented.***

Core Values:

- ***Fairness***
- ***Transparency***
- ***Member Involvement***

## What was the extent of the Committee's work?

The Committee met for six weeks, between August 4 - September 13<sup>th</sup>. Outside of scheduled meetings, Committee members researched OPALCO practices, policies and bylaws; compared election materials, practices and bylaws from other electric cooperatives and sought input from members in their districts.

After engaging in healthy debate, the Committee came to consensus on seven categories of recommendations for changes to OPALCO's election process and produced a detailed report for the Board of Directors. They presented their report and findings at the September 16, 2016 regular board meeting and answered questions from the Board.

Some of the Committee members attended the special meeting of the Board of Directors on September 29, 2016, which was called to discuss the logistics of implementation and timeline for the recommended changes.

Many of the Committee members are attending the whole series of Open House events in October to meet face-to-face with members and answer their questions and gather broad member feedback.

***OPALCO extends gratitude and appreciation to the Committee for their significant work.***

# **Recommendation**

## **1**

**Encourage more member interest in the cooperative and its election process. A number of specific suggestions are offered, including formal district meetings and absentee only ballots (no voting on the boat).**

- **Closing the election before the annual meeting creates more time for a substantive member meeting. The opportunity for more member interaction and Q&A will generate better attendance and more interest in the Co-op**
- **Greater member interest will encourage more participation in the election process.**
- **In addition to the Annual Meeting, we recommend two meetings each year to be held in each voting district, building on the direction the Board is already heading with the Tea Talks, Open House events and Candidate Forums.**

## **Recommendation**

### **2**

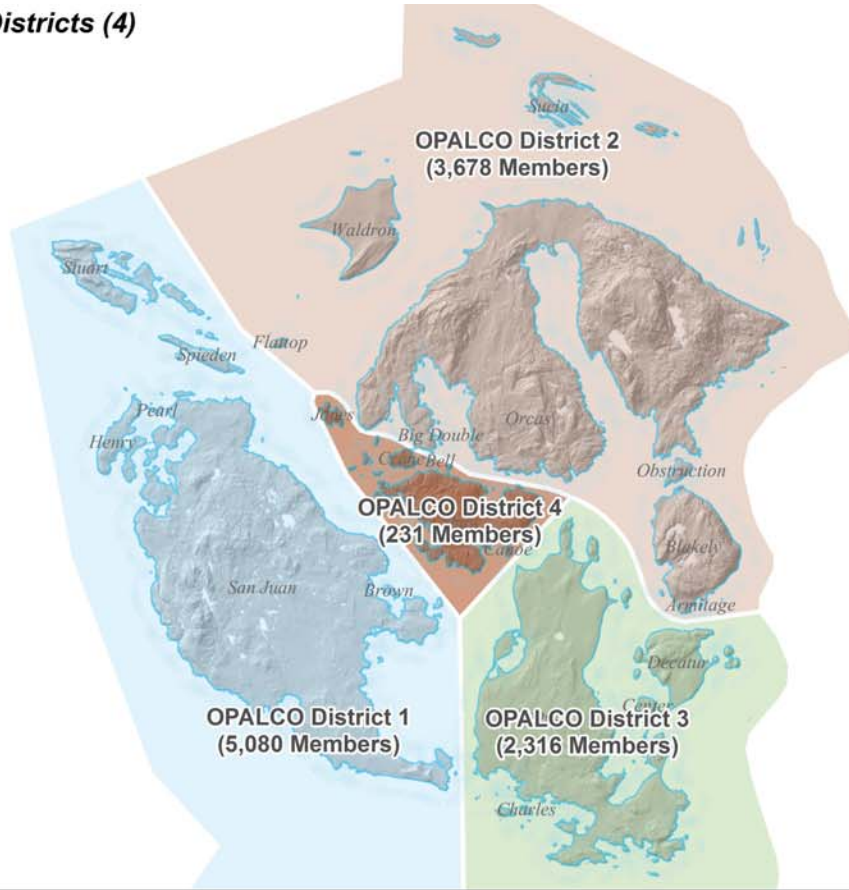
**Elect five of the director positions by district and two at large. Replace the present four districts with the same three districts used in County Council elections, and stagger the terms from each district (rather than all directors from each district during the same year), so that almost all members vote each year on at least one director position. Recommended transition steps are suggested.**

- **Election by district will create closer relationships between members and the district's director and more informed voting.**
- **At large positions will provide additional opportunities for interested members to serve.**
- **The County Council districts create more proportional representation.**

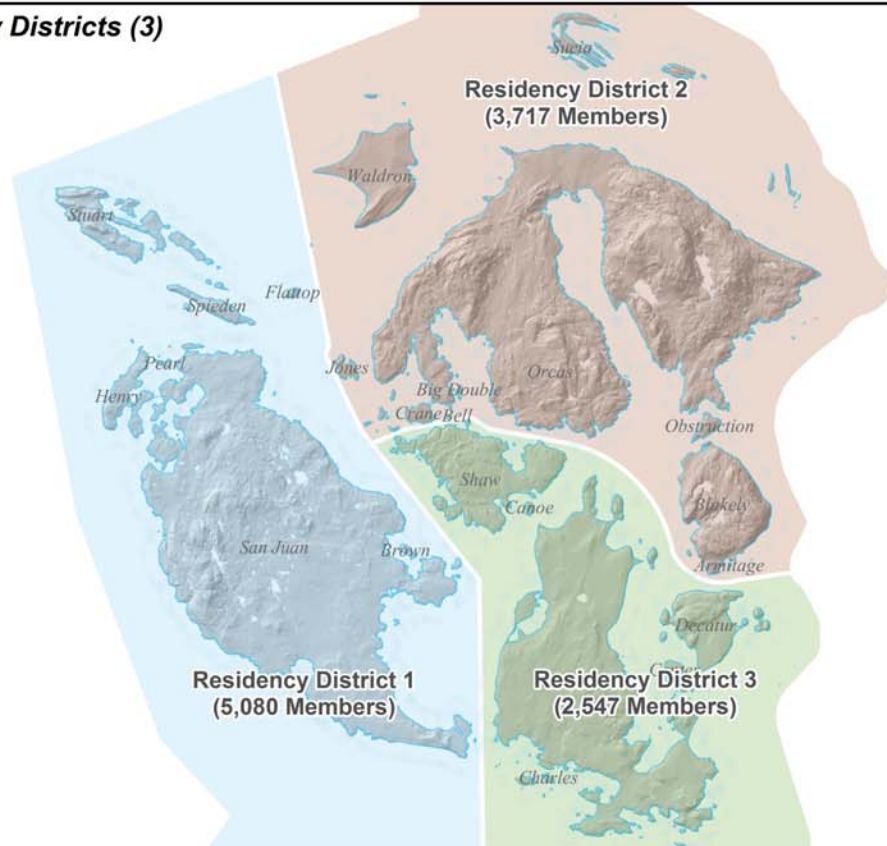


# District Maps

**Current OPALCO Districts (4)**



**San Juan County Districts (3)**



## ***Recommendation***

### **3**

**Create a standing Nominating Committee composed of three members from each voting district, each with rotating three year terms. Recruit and nominate the best candidates, regardless of incumbency.**

- **A standing committee will provide continuity.**
- **Include a former board member, if possible, to help explain commitment and needs.**
- **Appointments to include smaller islands to broaden the search.**
- **Amend bylaws regarding the automatic re-nomination of incumbents.**
- **Review present director qualifications as part of the comprehensive review of policy on conflicts of interest. *(may be an opportunity for another Member Review Committee)***

## ***Recommendation***

### **4**

#### **Adjust the elections timeline to:**

- 1. provide more time for nominating directors by petition (and update the required number of petition signers from 15 to 20);**
- 2. close voting earlier and allow only absentee ballots.**

- Closing off voting a day or two prior to the annual meeting creates more time at the meeting for substantive discussion and activities.**
- Only 81 members voted at the annual meeting in 2016, which is consistent with the trend of very low demand for voting in person.**
- All voting would be by absentee ballot by mail or online.**

## **Recommendation**

### **5**

**Obtain member feedback over the next year regarding the option of adding up to two outside director positions, to be elected by the sitting Board, for one-year terms.**

**The goal is to select individuals whose backgrounds would help the Board address our cooperative's specific challenges.**

- **Any \$30 Million company needs an experienced board with a broad skill set.**
- **Outside directors could be co-op members or non-members; residents of San Juan County or non-residents.**
- **Non-member directors are allowed by state law and recognized by the Rural Cooperatives Business Services agency of USDA.**
- **Outside directors become a tool for the Board of Directors to draw upon on an as-needed basis.**
- **Because this is such a culture change, we recommend first obtaining member feedback.**

## ***Recommendation***

### **6**

**Review director compensation and publicize the benefits of board service during the nominating process.**

- **We understand that some board members put in long hours for only a few thousand dollars per year. We thank you, but it's not a fair proposition.**
- **Fair compensation will make it easier to recruit candidates for board positions.**
- **We suggest a Member Review Committee to evaluate Board compensation practices.**

## **Recommendation**

### **7**

**Adopt a series of clarifying “house-keeping” changes to the provisions of the Bylaws that relate to elections.**

- **Mostly minor technical recommendations and inconsistencies found during our review.**
- **Some areas of vagueness** (example: where two different sections establish different time frames for notice of elections and annual meeting. Is the intent to provide two notices or is it redundant?)
- **Clarifying the provisions relating to confidentiality of information and what questions can be answered for members with particular attention to ensuring these provisions do not impose a burden that would unnecessarily discourage someone from becoming a candidate for the Board.**

# Reflection from Committee Members

*“I’ve served on dozens committees over the millennia and very rarely have seen a more cohesive group. Everything was driven by transparency and fairness, with healthy debate but always coming to consensus. It always helps to have an attorney and a CPA on board for this type of committee!”*

Wally Gudgell

*“The process was straight forward, the issues were well identified, and the solutions proposed well discussed. It was apparent to me the committee was composed of knowledgeable and competent professionals and involved, knowledgeable seniors who have had years of participation in OPALCO who knew the issues and addressed them fairly. As a newer OPALCO member, I was impressed by the openness and competence of all involved. Serving on the committee has increased my confidence in the Board and Staff.”*

Stephen Shubert

*“We started with varying perspectives, but ended with a cohesive vision.”*

Terry O’Sullivan

*“The opportunity for the membership to participate in the evolution of the nominating process is vital to the strength of OPALCO insofar as there will be greater ownership of the election process by the members.”*

Ed Sutton

*“While we each brought our own individual viewpoint on the elections process, I think that the recommendations we agreed on provide additional transparency and fairness for the entire membership.”*

Rob Thesman